GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:675
ANSWERED ON:08.05.2003
COMMITTEE FOR POWER SECTOR REFORMS
CHINTAMAN NAVSHA WANAGA

Will the Minister of POWER be pleased to state:

(a) whether the Parekh Committee set up to assist in developing State specificreform programmes to rapidly restore and sustain the financial viability of power sector has submitted its report to the Government;

(b) if so, the details of the recommendations of the Committee;

(c) whether the Government have accepted these recommendations; and

(d) if so, the details thereof?

Answer

THE MINISTER OF POWER (SHRI ANANT GANGARAM GEETE)

(a) to (d) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF STARRED QUESTION NO. 675 TO BE ANSWERED IN TH LOK SABHA ON 08.05.2003 REGARDING COMMITTEE FOR POWER SECTOR REFORMS.

(a) & (b) : Yes, Sir. The main recommendations of the Committee in the first part of the Report are as follows:

i) The Committee classified the general financial debility of SEBs intotwo broad types of deficits, namely, deficiency from the past and deficiency pertaining to the future. For evolving broad principles of financial restructuring of SEBs, the Committee has suggested a combination of pruning the liability and refinancing at concessional terms.

ii) There would be two streams of support under the Accelerated Power Development and Reforms Programme (APDRP) for supporting the reform initiatives to rapidly restore and sustain the financial viability of the electricity business in the SEBs/States. One would be for critical investment to improve distribution systems. Another stream would be for incentives for reducing the gap between unit of supply and revenue realization.

iii) The SEBs may be considered for unbundling and made competitiveby adopting any of the eight suitable models for the market structure.

The Committee submitted its 2nd Report recently. In the said report,the Committee has recommended that comprehensive reform milestone by the States is required for credible turnaround plan. In view of the above, the Committee has suggested to the State governments and SEBs/Utilities to chalk outappropriate reform strategies keeping in view the conditions obtained in the respective states and forge the process of turnaround in consultation with various key stakeholders. While doing so, the Committee has suggested that State governments could choose from one or more of the windows that could be available for transition financing, based on their respective comfort level with the conditionalities of the respective options.

(c) & (d) : The recommendations of the Committee have been noted in the Government and have been brought to the notice of the State Governments. The State Governments have also been requested to implement the recommendations pertaining to financial restructuring of SEBs and devise appropriate marketstructure. While doing so, it is expected that the State Governments would take note of the suggestions made in the report to avail of the required transition funding satisfying the funding agencies of their comfort level by demonstrating the Utilities` and States` commitment to the turnaround strategy.